

CMD 515

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Research Summary

The project will develop a literature review and overview analysis of methods of modelling functional food choice among consumers. Individual consumer choice can be modelled within a utility maximization framework, including aspects of information asymmetry, uncertainty, labelling information, and perceived health outcomes. However, when the costs of unhealthy food choices are not fully borne by the individual consumer, individuals may over-consume unhealthy foods and/or under-consume healthy (functional) foods. Functional foods have the potential to influence health outcomes, and reduce health care costs. The analysis will consider the relationship between individual food consumption choices, health care externalities, and information asymmetry with respect to health outcomes in functional foods.

Significance of Research

Health care costs are an increasingly large component of government budgetary expenditure in Canada. Rising rates of obesity, type II diabetes and cardiovascular disease are testament to the effect of poor diets on health outcomes. Understanding consumer food choices for food attributes with direct health benefits has important policy ramifications for the health of Canadians. Functional foods also represent a potential product differentiation strategy for agri-food value chains. Therefore, understanding the factors that affect functional food choice also has implications for the agri-food sector and the future direction of ag-food policy in Canada.